

ALLEN PARK HOUSING COMMISSION
ALLEN PARK, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Allen Park Housing Commission	County* WAYNE	Type* OTHER	MuniCode*
Opinion Date-Use Calendar* September 29, 2007	Audit Submitted-Use Calendar* September 30, 2007	Fiscal Year End Month* 12	Fiscal Year* 2007

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix F of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$295,572
General Fund Expenditure:	? \$297,596
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$857,272
Governmental Activities Long-Term Debt (see instructions):	?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Barry	Last Name* Gaudette	Ten Digit License Number* 1101011050		
CPA Street Address* 731 S. Garfield Ave.	City* Traverse City	State* MI	Zip Code* 49686	Telephone* 2319468930
CPA Firm Name* Barry E. Gaudette, CPA, PC	Unit's Street Address* 17000 Champaign Rd.	Unit's City* Allen Park	Unit's Zip* 48101	

ALLEN PARK HOUSING COMMISSION
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Independent Auditor's Report

Board of Commissioners
Allen Park Housing Commission
Allen Park, Michigan

I have audited the accompanying financial statements of the business-type activities of the Allen Park Housing Commission, Michigan, a component unit of the City of Allen Park, as of and for the year ended December 31, 2007, which comprise the Housing Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Allen Park Housing Commission, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Allen Park Housing Commission
Independent Auditor's Report
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2008, on my consideration of the Allen Park Housing Commission, Michigan's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis comparison information on pages 3 through 9, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Allen Park Housing Commission, Michigan's basic financial statements. The accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying combining financial statements and the financial data schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects, in all material respects, in relation to the basic financial statements taken as a whole.

Barry E. Taudels, CPA, PC

September 29, 2008

**Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Unaudited)**

As management of the Allen Park Housing Commission we offer reviewers of this audit report this narrative discussion and analysis of the Allen Park Housing Commission's financial activities for the fiscal year ended December 31, 2007. This discussion and analysis letter of the Allen Park Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the following Financial Statements.

The combined financial statements reflect all of the Commission's federally funded programs and activities in one place. The Commission reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" - activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transactions have actually taken place.

Financial Highlights

The term "net assets" refers to the difference between assets and liabilities. The Commission's total net assets as of December 31, 2007 were \$857,270. The net assets decreased by \$1,479, a decrease of 0.2% from the prior year.

Revenues and contributions for the Commission were \$295,572 for the year ended December 31, 2007. This was an increase of \$29,885 or 11.2% over the prior year.

Expenses for the Commission were \$297,051 for the year ended December 31, 2007. This was an increase of \$4,129 or 1.4% over the prior year.

HUD operating grant subsidies were \$112,518 for the year ended December 31, 2007. This was an increase of \$30,882 or 37.8% over the prior year. Capital contributions for the Commission were \$5,389 for the year ended December 31, 2007. This was an increase of \$5,389 or 100.0% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund financial statements because the Commission only has

Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

proprietary funds.

Required Financial Statements

The *Statement of Net Assets* includes the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Assets*. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established Uniform Financial Reporting Standards that require Housing Commissions to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

**Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

FUND STATEMENTS

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Allen Park Housing Commission Programs:

Low Rent Public Housing: Under this program, the Housing Commission rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Commission to lease these units at a rate that is based on 30% of the household income. The Housing Commission has 60 low rent units available to lease.

Capital Fund Program: Under this program, the Housing Commission is awarded funds each year to use for Capital needs. Normally a Housing Commission has the ability to use up to 20% of these funds, if need be, to supplement Operating Subsidies, but since the Housing Commission has less than 250 units they are permitted to use more than 20%. This program is the primary funding source for physical improvements to its properties.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$857,270 at the close of the year ended December 31, 2007 down from \$858,749 in 2006. The decrease in net assets of \$1,479 was due to the change in net assets for the year.

The unrestricted net assets were \$164,636 as of December 31, 2007. This amount may be used to meet the Commission's ongoing obligations. The Commission had no net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>
Current and other assets	\$ 197,653	\$ 137,756	\$ 59,897
Capital assets	692,634	746,890	(54,256)
Total assets	<u>\$ 890,287</u>	<u>\$ 884,646</u>	<u>\$ 5,641</u>
Current liabilities	<u>\$ 33,017</u>	<u>\$ 25,897</u>	<u>\$ 7,120</u>
Net assets:			
Invested in capital assets	692,634	746,890	(54,256)
Unrestricted net assets	<u>164,636</u>	<u>111,859</u>	<u>52,777</u>
Total net assets	<u>857,270</u>	<u>858,749</u>	<u>(1,479)</u>
Total liab. & net assets	<u>\$ 890,287</u>	<u>\$ 884,646</u>	<u>\$ 5,641</u>

Current and other assets increased by \$59,897, in large part, due to the increase in cash flows of \$59,753 related to the increase in subsidy received from HUD.

Current liabilities increased by \$7,120, in part, due to the setting up of accounts payable from vendors and contractors of \$11,449, the increase in tenant security deposits of \$2,938, and the decrease in accrued PILOT of \$7,886.

The largest portion of the Commission's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending. The decrease of \$54,256 in capital assets, is due to the depreciation expense of \$59,916, netted against net, capital outlays of \$5,660.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the following table total revenues and contributions increased by \$29,885, over the prior fiscal year. This increase was mainly due to the increase in subsidy received from HUD. Tenant rents increased by \$7,244 over the prior fiscal year, due to tenant incomes being higher. Other income decreased by \$9,609 due to the reclassification of revenues this year to tenant rents.

Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS DECEMBER 31,**

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>
Revenues and Contributions			
Dwelling rent	\$ 178,990	\$ 171,746	\$ 7,244
Interest income	4,064	2,696	1,368
Other income		9,609	(9,609)
HUD operating grants	<u>112,518</u>	<u>81,636</u>	<u>30,882</u>
Total Revenues and Contributions	<u>295,572</u>	<u>265,687</u>	<u>29,885</u>
Expenses			
Personal services	96,501	98,507	(2,006)
Utilities	60,623	62,057	(1,434)
Operations and maintenance	27,922	27,740	182
Insurance	15,103	15,650	(547)
Other supplies and expenses	36,986	29,358	7,628
Depreciation	<u>59,916</u>	<u>59,610</u>	<u>306</u>
Total Expenses	<u>297,051</u>	<u>292,922</u>	<u>4,129</u>
Change in Net Assets	<u>\$ (1,479)</u>	<u>\$ (27,235)</u>	<u>\$ 25,756</u>

Total expenses for the Commission increased by \$4,129, in large part, due to PILOT increasing by \$1,480 and sundry expenses accounts for most of the remaining \$6,148, for example software costs increased.

The following represents changes in Federal Assistance received:

<u>Program Source</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Public Housing Operating Subsidy	\$107,129	\$ 81,636	\$ 25,493	31.2%
Capital Fund Program	<u>5,389</u>	<u>5,389</u>	<u>5,389</u>	<u>100.0%</u>
Total	<u>\$112,518</u>	<u>\$ 81,636</u>	<u>\$ 30,882</u>	<u>37.8%</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The Public Housing subsidy increased from the prior year due to a combination of factors including tenant rent changes, utilities, and HUD's adjustments. The Capital Fund Program grant was used for capital improvements.

Budget Analysis:

A Low Rent Public Housing Operating Budget for the fiscal year ended December 31, 2007 was prepared.

**Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

OPERATIONAL HIGHLIGHTS

The Allen Park Housing Commission provided 60 housing units to very low-income elderly and disabled during the fiscal year ending December 31, 2007. During the fiscal year ending December 31, 2007, the Allen Park Housing Commission maintained a lease-up rate of 100.0% in its Public Housing Program. This lease-up rate is in line with HUD guidelines.

Funding levels for operations and capital improvements may not continue to increase, in accordance with funding cuts at the federal level for these programs, although the Housing Commission did not use all of the available capital fund grants that were available to us. Allen Park Housing Commission will continue to provide safe, affordable housing to eligible persons of low income, and will pursue capital improvements in accordance with the five-year and annual plan.

There are no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position(net assets) or results of operations(revenues, expenses, and other changes in net assets).

CAPITAL ASSETS

The Allen Park Housing Commission's investment in capital assets, as of December 31, 2007 amounts to \$692,634 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment.

**CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
DECEMBER 31,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>
Land	\$ 68,050	\$ 68,050	\$
Buildings	798,396	798,396	
Furniture, equip. & machinery-dwelling	30,907	30,907	
Furniture, equip. & machinery-admin.	76,157	76,157	
Building improvements	<u>662,644</u>	<u>656,984</u>	<u>5,660</u>
	1,636,154	1,630,494	5,660
Accumulated depreciation	<u>(943,520)</u>	<u>(883,604)</u>	<u>(59,916)</u>
Total	<u>\$ 692,634</u>	<u>\$ 746,890</u>	<u>\$ (54,256)</u>

**Allen Park Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

CAPITAL ASSETS (CONTINUED)

The total decrease in the Commission's capital assets for the current fiscal year was \$54,256 or 7.3% in terms of net book value.

Capital outlays this year included the following: Architect fees of \$5,086 for a capital needs assessment report and new stoves for \$574.

The next year we will be spending capital funds on improvements to the common area and hallways.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Commission is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Commission is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

Although the Housing Commission remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that the federal government will continue to provide us with the funding to continue to provide safe, sanitary, and decent housing to our residents.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Andy Hill, Executive Director
17000 Champaign Rd.
Allen Park, Michigan 48101

FINANCIAL STATEMENTS

ALLEN PARK HOUSING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2007
=====

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 102,340
Investments-unrestricted	90,227
Prepaid expenses	4,921
Inventories	<u>165</u>
Total Current Assets	<u>197,653</u>
Capital Assets:	
Land	68,050
Buildings	798,396
Equipment	107,064
Building improvements	<u>662,644</u>
	1,636,154
Less: accumulated depreciation	<u>(943,520)</u>
Net Capital Assets	<u>692,634</u>
Total Assets	<u>\$ 890,287</u>

See notes to financial statements

ALLEN PARK HOUSING COMMISSION
STATEMENT OF NET ASSETS (CONTINUED)
December 31, 2007
=====

LIABILITIES and NET ASSETS

Current Liabilities:

Accounts payable	\$ 11,449
Accounts payable-other government	10,846
Accrued expenses	2,105
Tenant security deposit liability	7,818
Deferred revenues	<u>799</u>

Total Current Liabilities	<u>33,017</u>
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Net Assets:

Invested in capital assets	692,634
Unrestricted net assets	<u>164,636</u>

Total Net Assets	<u>857,270</u>
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Total Liabilities and Net Assets	<u><u>\$ 890,287</u></u>
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See notes to financial statements

ALLEN PARK HOUSING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

Year Ended December 31, 2007
=====

OPERATING REVENUES:

Dwelling rent	\$ 178,990
Operating grants	<u>112,518</u>
Total operating revenues	<u>291,508</u>

OPERATING EXPENSES:

Administration	90,559
Utilities	60,623
Ordinary maintenance and operation	60,004
General expenses	25,949
Depreciation	<u>59,916</u>
Total operating expenses	<u>297,051</u>

Operating income(loss)	(5,543)
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NONOPERATING REVENUES:

Investment interest income	<u>4,064</u>
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Change in net assets	(1,479)
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Net assets, beginning	<u>858,749</u>
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Net assets, ending	<u><u>\$ 857,270</u></u>
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See notes to financial statements

ALLEN PARK HOUSING COMMISSION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2007
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CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and nondwelling rents	\$ 179,790
Cash received from operating grants	112,518
Cash payments to other suppliers of goods and services	(118,596)
Cash payments to employees for services	(96,501)
Cash payments for in lieu of taxes	(18,732)
Net cash provided by operating activities	<u>58,479</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

Tenant security deposits	<u>2,938</u>
Net cash provided by noncapital financing activities	<u>2,938</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Payments for capital acquisitions	<u>(5,660)</u>
Net cash (used) by capital and related financing activities	<u>(5,660)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investments increased	(68)
Receipts of interest and dividends	<u>4,064</u>
Net cash provided by investing activities	<u>3,996</u>

Net increase(decrease) in cash 59,753

Cash, beginning 42,587

Cash, ending \$ 102,340

ALLEN PARK HOUSING COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended December 31, 2007
=====

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES:

Operating income(loss)	\$(5,543)
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:	
Depreciation	59,916
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Prepaid expenses and other assets	(76)
Increase (decrease) in liabilities:	
Accounts payable	11,449
Accrued wages/payroll taxes	(182)
Deferred revenues	800
Accounts payable-PILOT	<u>(7,885)</u>
Net cash provided by operating activities	<u>\$ 58,479</u>

See notes to financial statements

ALLEN PARK HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2007
=====

NOTE 1: Summary of Significant Accounting Policies

The Allen Park Housing Commission(Housing Commission) is a component unit of the City of Allen Park, a Michigan home rule City. The Housing Commission is a Public Housing Agency created by the City of Allen Park in 1970, consisting of a five member board appointed by the City Manager. The Commission was established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1(a) Financial Reporting Entity

The Housing Commission's financial reporting entity comprises the following:

Primary Government: Allen Park Housing Commission

In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity", and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1(b) Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Housing Commission's programs as an enterprise fund.

Following is a description of the Housing Commission's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing commissions to modernize public housing developments.

1(c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1(d) Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2(b) and 3(a).

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Budgets and Budgetary Accounting

The Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Housing Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and

1(d) Assets, Liabilities, and Equity (Continued)

Estimates and Assumptions (Continued)

expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$500 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses, and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Building improvements	5 - 40 years
Furniture, equipment and machinery	3 - 15 years

Compensated Absences

The Housing Commission's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. In no case shall an employee be allowed to accrue, at any one time, more than one and one-half the amount of annual vacation to which he/she is entitled. Employee's leaving employment for reasons other than sickness, with five(5) years of continuous service, and in good standing, will receive seventy five percent (75%) of one(1) day's pay, at the employee's regular rate of pay, up to thirty days of accumulated sick leave. The Housing Commission's accrued compensated absences was immaterial as of December 31, 2007, therefore not accrued.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Housing Commission had no related debt.

1(d) Assets, Liabilities, and Equity (Continued)

Equity Classifications (Continued)

- b. Unrestricted net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

1(e) Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses, and Changes in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

NOTE 2: Stewardship, Compliance, and Accountability

The Housing Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Housing Commission's compliance with significant laws and regulations and demonstration of its stewardship over Housing Commission resources follows:

2(a) Program Accounting Requirements

The Housing Commission complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Housing Commission are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of HUD
Capital Fund Program	U.s. Department of HUD

2(b) Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Housing Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Housing Commission must have a written collateral agreement. As reflected in Note 3(a), all deposits were fully insured or collateralized.

2(b) Deposits and Investments Laws and Regulations (Continued)

Investments of the Housing Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2(c) Revenue Restrictions

The Housing Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the fiscal year ended December 31, 2007, the Housing Commission complied in all material respects, with these revenue restrictions.

2(d) Income Taxes

As a component unit of a Michigan City, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

NOTE 3: Detail Notes on Transactions Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3(a) Cash and Investments

Deposits

The Housing Commission's policies regarding deposits of cash are discussed in Note 1(d). The table presented below is designed to disclose the level of custody credit risk assumed by the Housing Commission based upon how its deposits were insured or secured with collateral at December 31, 2007. The categories of credit risk are defined as follows:

Category 1: Insured by FDIC or collateralized with securities held by the Housing Commission(or public trust) or by its agent in its name.

Category 2: Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Commission's name.

3(a) Cash and Investments (Continued)

Deposits (Continued)

Category 3: Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Housing Commission's name; or collateralized with no written or approved collateral agreement.

	Total Bank Balance	Custody Category 1	Credit Category 2	Risk Category 3	Total Carrying Value
Demand deposits	\$ 93,348	\$ 93,348	\$	\$	\$ 92,483
Savings	<u>9,757</u>	<u>9,757</u>			<u>9,757</u>
Total Deposits	<u>\$ 103,105</u>	<u>\$103,105</u>	<u>\$</u>	<u>\$</u>	<u>\$102,240</u>

Investments

The Housing Commission's policies and applicable laws regarding investments are discussed in Notes 1(d) and 2(b). The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Housing Commission (or public trust) based upon whether the investments are insured or registered and upon who holds the security at December 31, 2007. The categories of credit risk are defined as follows:

Category 1: Insured or registered with securities held by the Housing Commission or its agent in the Housing Commission's name.

Category 2: Uninsured and unregistered with securities held by counterparty's trust department or agent in the Housing Commission's name.

Category 3: Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Housing Commission's name.

	Custody Credit Risk			Carrying	Fair
	Category 1	Category 2	Category 3	Amount	Value
Certificate of deposits	<u>\$ 90,227</u>	<u>\$</u>	<u>\$</u>	<u>\$ 90,227</u>	<u>\$ 90,227</u>

A reconciliation of cash as shown on the combined statement of net assets follows:

Carrying amount of deposits	\$ 102,240
Petty cash	100
Investments	<u>90,227</u>
Total	<u>\$ 192,567</u>

3(a) Cash and Investments (Continued)

Cash and cash equivalents:	
Enterprise activities	\$ 192,667
Enterprise activities - checks written in excess of deposits	(100)
Total	<u>\$ 192,567</u>

3(b) Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance 12/31/06	Additions/ Transfers	Retirements/ Transfers	Balance 12/31/07
Low Rent Program				
Land	\$ 68,050	\$	\$	\$ 68,050
Buildings	798,396			798,396
Furniture, equip. & machinery - dwelling	30,907			30,907
Furniture, equip. & machinery - administration	76,157			76,157
Building improvements	<u>656,984</u>	<u>5,660</u>		<u>662,644</u>
	1,630,494	<u>\$ 5,660</u>	<u>\$</u>	1,636,154
Less accumulated depreciation	<u>(883,604)</u>	<u>\$ (59,916)</u>	<u>\$</u>	<u>(943,520)</u>
Total	<u>\$ 746,890</u>			<u>\$ 692,634</u>

3(c) Interprogram Transactions and Balances

The Capital Fund Program transferred \$5,389 to the Low Rent Program during the fiscal year ending December 31, 2007.

There were no interprogram payables from the capital fund program to the low rent program as of December 31, 2007.

NOTE 4: Other Information

4(a) Pension Plan

The Housing Commission does not have a pension plan.

4(b) Risk Management

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees, employees health and life; and natural disasters. The Housing Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Crime, building and contents, liabilities and errors & omissions	Purchased insurance with The Stevenson Company under the Michigan Township PAR plan.
b. Injuries to employees (workers' compensation)	Purchased insurance with the Accident Fund.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4(c) Commitments and Contingencies

Commitments - Construction

At December 31, 2007, the Housing Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
2006 CFP	\$ 64,003	\$ 5,086
2007 CFP	65,514	-
2008 CFP	63,106	-

Contingencies

The Housing Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Housing Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4(d) Subsequent Events

On June 3, 2008, a new Executive Director was hired.

SUPPLEMENTARY INFORMATION

ALLEN PARK HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
BY PROGRAM

December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
ASSETS		
Current assets:		
Cash-unrestricted	\$ 94,522	\$
Cash-tenant security deposits	7,818	
Investments-unrestricted	90,227	
Prepaid expenses and other assets	4,921	
Inventories	<u>165</u>	
Total current assets	<u>197,653</u>	
Capital assets:		
Land	68,050	
Buildings	798,396	
Equipment	107,064	
Building improvements	<u>662,644</u>	
	1,636,154	
Less accumulated depreciation	<u>(943,520)</u>	
Net capital assets	<u>692,634</u>	
Total Assets	<u>\$ 890,287</u>	<u>\$</u>

Totals

\$ 94,522
7,818
90,227
4,921
165

197,653

68,050
798,396
107,064
662,644
1,636,154
(943,520)

692,634

\$ 890,287

ALLEN PARK HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
BY PROGRAM (CONTINUED)
December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS		
Current liabilities:		
Accounts payable	\$ 11,449	\$
Accounts payable-other government	10,846	
Accrued expenses	2,105	
Tenant security deposit liability	7,818	
Deferred revenues	<u>799</u>	
Total current liabilities	<u>33,017</u>	
Net assets:		
Invested in capital assets	692,634	
Unrestricted net assets	<u>164,636</u>	
Total net assets	<u>857,270</u>	
Total Liabilities and Net Assets	<u>\$ 890,287</u>	<u>\$</u>

Totals

\$ 11,449
10,846
2,105
7,818
799

33,017

692,634
164,636

857,270

\$ 890,287

ALLEN PARK HOUSING COMMISSION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS BY PROGRAM**
 Year Ended December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
OPERATING REVENUES:		
Dwelling rent	\$ 178,990	\$
Operating grants	<u>107,129</u>	<u>5,389</u>
Total operating revenues	<u>286,119</u>	<u>5,389</u>
OPERATING EXPENSES:		
Administration	90,559	
Utilities	60,623	
Ordinary maintenance and operation	60,004	
General expenses	25,949	
Depreciation	<u>59,916</u>	
Total operating expenses	<u>297,051</u>	
Operating income(loss)	<u>(10,932)</u>	<u>5,389</u>
NONOPERATING REVENUES (EXPENSES) :		
Operating transfers in(out)	5,389	(5,389)
Investment interest income	<u>4,064</u>	
Total nonoperating revenues (expenses)	<u>9,453</u>	<u>(5,389)</u>
Change in net assets	(1,479)	
Net assets, beginning	<u>858,749</u>	
Net assets, ending	<u>\$ 857,270</u>	<u>\$</u>

Totals

\$ 178,990
112,518

291,508

90,559

60,623

60,004

25,949

59,916

297,051

(5,543)

4,064

4,064

(1,479)

858,749

\$ 857,270

ALLEN PARK HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM

Year Ended December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from dwelling rents	\$ 179,790	\$
Cash received from operating grants	107,129	5,389
Cash payments to other suppliers of goods and services	(118,596)	
Cash payments to employees for services	(96,501)	
Cash payments for in lieu of taxes	<u>(18,732)</u>	
Net cash provided by operating activities	<u>53,090</u>	<u>5,389</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers in(out)	5,389	(5,389)
Tenant security deposits	<u>2,938</u>	
Net cash provided (used) by noncapital financing activities	<u>8,327</u>	<u>(5,389)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for capital acquisitions	<u>(5,660)</u>	
Net cash (used) by capital and related financing activities	<u>(5,660)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments increased	(68)	
Receipts of interest and dividends	<u>4,064</u>	
Net cash provided by investing activities	<u>3,996</u>	
Net increase(decrease) in cash	59,753	
Cash, beginning	<u>42,587</u>	
Cash, ending	<u>\$ 102,340</u>	<u>\$</u>

Totals

\$ 179,790
112,518

(118,596)
(96,501)
(18,732)

58,479

2,938

2,938

(5,660)

(5,660)

(68)
4,064

3,996

59,753

42,587

\$ 102,340

ALLEN PARK HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM (CONTINUED)

Year Ended December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH PROVIDED(USED)		
BY OPERATING ACTIVITIES:		
Operating income(loss)	\$(10,932)	\$ 5,389
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:		
Depreciation	59,916	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other assets	(76)	
Increase (decrease) in liabilities:		
Accounts payable	11,449	
Accrued wages/payroll taxes	(182)	
Deferred revenues	800	
Accounts payable-PILOT	<u>(7,885)</u>	
Net cash provided by operating activities	<u>\$ 53,090</u>	<u>\$ 5,389</u>

Totals

\$ (5,543)

59,916

(76)

11,449

(182)

800

(7,885)

\$ 58,479

ALLEN PARK HOUSING COMMISSION

FINANCIAL DATA SCHEDULE

Year Ended December 31, 2007

=====

FDS Line Item No.		Low Rent Program 14.850a	Capital Fund Program 14.872
	ASSETS		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 94,522	\$
114	Cash-tenant security deposits	<u>7,818</u>	
100	Total cash	<u>102,340</u>	
	Current Investments:		
131	Investments-unrestricted	<u>90,227</u>	
	Other Current Assets:		
142	Prepaid expenses and other assets	4,921	
143	Inventories	<u>165</u>	
	Total other current assets	<u>5,086</u>	
150	Total current assets	<u>197,653</u>	
	Noncurrent Assets:		
	Fixed assets:		
161	Land	68,050	
162	Buildings	798,396	
163	Furn, equip & mach-dwelling	30,907	
164	Furn, equip & mach-admin.	76,157	
165	Building improvements	662,644	
166	Accumulated depreciation	<u>(943,520)</u>	
160	Total fixed assets, net of accumulated depreciation	<u>692,634</u>	
180	Total noncurrent assets	<u>692,634</u>	
190	Total Assets	<u>\$ 890,287</u>	<u>\$</u>

<u>Totals</u>	
\$	94,522
	<u>7,818</u>
	102,340
	<u>90,227</u>
	4,921
	<u>165</u>
	5,086
	<u>197,653</u>
	68,050
	798,396
	30,907
	76,157
	662,644
	<u>(943,520)</u>
	<u>692,634</u>
	<u>692,634</u>
\$	<u>890,287</u>

ALLEN PARK HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended December 31, 2007
=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES AND EQUITY/NET ASSETS			
	Liabilities:		
	Current Liabilities:		
312	Accounts payable<=90 days	\$ 11,449	\$
321	Accrued wage/payroll taxes payable	2,105	
333	Accounts payable-other government	10,846	
341	Tenant security deposits	7,818	
342	Deferred revenues	<u>799</u>	
310	Total current liabilities	<u>33,017</u>	
300	Total liabilities	<u>33,017</u>	
	Equity:		
508.1	Invested in capital assets	<u>692,634</u>	
508	Total equity	692,634	
	Net Assets:		
512.1	Unrestricted net assets	<u>164,636</u>	
513	Total equity/net assets	<u>857,270</u>	
600	Total Liabilities and Equity/Net Assets	<u>\$ 890,287</u>	<u>\$</u>

Totals

\$ 11,449

2,105

10,846

7,818

799

33,017

33,017

692,634

692,634

164,636

857,270

\$ 890,287

ALLEN PARK HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended December 31, 2007
=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Revenue:		
703	Net tenant rental revenue	\$ 178,990	\$
705	Total tenant revenue	178,990	
706	HUD PHA grants	107,129	5,389
711	Investment income-unrestricted	<u>4,064</u>	<u></u>
700	Total revenue	<u>290,183</u>	<u>5,389</u>
	Expenses:		
	Administrative:		
911	Administrative salaries	59,841	
912	Auditing fees	1,600	
915	Employee benefit contributions-adm.	4,578	
916	Other operating-administrative	24,540	
	Utilities:		
931	Water	12,993	
932	Electricity	25,027	
933	Gas	22,603	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	29,494	
942	Ordinary maint & oper-mat'ls & other	8,786	
943	Ordinary maint & oper-contract costs	19,136	
945	Employee benefit contributions- ordinary maintenance	2,588	
	General expenses:		
961	Insurance premiums	15,103	
963	Payments in lieu of taxes	<u>10,846</u>	<u></u>
969	Total operating expenses	<u>237,135</u>	<u></u>
970	Excess operating revenue over operating expenses	<u>53,048</u>	<u>5,389</u>

Totals

\$ 178,990
178,990
112,518
4,064

295,572

59,841
1,600
4,578
24,540

12,993
25,027
22,603

29,494
8,786
19,136

2,588

15,103
10,846

237,135

58,437

ALLEN PARK HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended December 31, 2007
 =====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Expenses continued:		
	Other expenses:		
974	Depreciation expense	<u>59,916</u>	<u> </u>
	Total other expenses	<u>59,916</u>	<u> </u>
900	Total expenses	<u>297,051</u>	<u> </u>
	Other Financing Sources(Uses):		
1001	Operating transfers in	5,389	
1002	Operating transfers (out)	<u> </u>	<u>(5,389)</u>
	Total other financing sources(uses)	<u>5,389</u>	<u>(5,389)</u>
1000	Excess (deficiency) of operating revenue over(under) expenses	(1,479)	
1103	Beginning Net Assets	<u>858,749</u>	<u> </u>
	Ending Net Assets	<u>\$ 857,270</u>	<u>\$ <u> </u></u>

Totals

59,916

59,916

297,051

5,389
(5,389)

(1,479)

858,749

\$ 857,270

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Housing Commissioners
Allen Park Housing Commission
Allen Park, Michigan

I have audited the financial statements of the business-type activities of the Allen Park Housing Commission, Michigan, (Housing Commission) as of and for the year ended December 31, 2007, which comprise the Housing Commission's basic financial statements and have issued my report thereon dated September 29, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Commission's financial statements that is more than inconsequential will not be prevented or detected by the Housing Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Commission's internal control.

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
Allen Park Housing Commission
Page Two

Internal Control Over Financial Reporting (Continued)

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2007-1, and 2007-2, respectively.

This report is intended solely for the information and use of management, Board of Housing Commissioners, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barry E. Standish, CPA, PC

September 29, 2008

ALLEN PARK HOUSING COMMISSION
SCHEDULE OF FINDINGS
December 31, 2007
=====

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2007-1: Low Rent Public Housing Program, CFDA No. 14.850a

Criteria: 24 CFR 85 and HUD Handbook 7460.8 REV.2 (March 2007). Part 85 is the section of the Code of Federal Regulations, Title 24 that includes the administrative requirements for grantees receiving federal funds. Part 85 provides guidance on developing a procurement policy and system, important parts of a contract administration system, general guidance on the standard of conduct for PHA employees involved in procurement of goods and services, requirements for price and cost analysis. The handbook was revised in March 2007 and incorporates changes in Federal laws and regulations

Statement of Condition: The Housing Commission has not adopted a Procurement Policy or least one could not be located.

Questioned Costs: None

Perspective Information: The handbook has been updated to clarify, simplify, and update procurement requirements for public housing. It incorporates changes in Federal laws, regulations, and other instructions.

Cause: Some of the areas that have been streamlined include: An increase in the small purchase threshold from \$25,000 to \$100,000 and the establishment of a micro-purchase threshold of \$2,000, requiring only one reasonable quote, among others.

Effect or Potential Effect: The Housing Commission may not be following Federal laws and regulations.

Recommendation: I recommend that the Housing Commission obtain the new handbook and adopt a new procurement policy to be in compliance.

Response: We agree with this finding and we will revise the procurement policy this fiscal year.

ALLEN PARK HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)

December 31, 2007

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2007-2: Low Rent Public Housing Program - CFDA No. 14.850a

Criteria: 24 CFR 960 Admission To, And Occupancy Of, Public Housing.

Statement of Condition: During testing of the tenant files and inquiries of management, the Housing Commission's Admissions and Continued Occupancy Policy (ACOP) could not be located.

Questioned Costs: None

Perspective Information: With the advent of RHIP (Rental Housing Income Integrity Project), HUD has made it clear that Housing Commission policies must be more comprehensive than ever before. It is the Housing Commission's policy that will provide staff with the most specific rules on how to handle family situations.

Cause: The staff member in charge of this program during the fiscal year under audit was terminated on June 3, 2008 and not available to locate the ACOP policy.

Effect or Potential Effect: Without current and complete policies, the Housing Commission's staff cannot accurately calculate family rents.

Recommendation: It is recommended that the Housing Commission adopt a new ACOP policy as soon as possible.

Response: We have purchased software from Nan McKay and Associates, Inc. and are currently in the process of developing a new ACOP policy that is expected to be adopted by the Board in October.